

## DEPARTMENT OF FINANCE BILL ANALYSIS

**AMENDMENT DATE:** 07/05/2012  
**POSITION:** Neutral

**BILL NUMBER:** AB 1708  
**AUTHOR:** Gatto, Mike

### **BILL SUMMARY:** Vehicles: electronic verification of registration and insurance.

This bill would allow drivers to use mobile electronic devices to provide evidence of financial responsibility to a peace officer.

### **FISCAL SUMMARY**

The Department of Insurance estimates costs to be minor and absorbable.

### **COMMENTS**

Finance is neutral on this bill because it provides insurers and drivers with an alternative method of showing evidence of financial responsibility via an electronic device. In California, law enforcement can get verification via the California Law Enforcement Telecommunications System (CLETS) whether there is an insurance policy in place for a registered vehicle. Therefore, the proof of insurance provided to law enforcement is not critical since law enforcement can access that information in other ways.

#### **Existing Law:**

- Requires automobile owners to maintain evidence of financial responsibility that meets with specified minimum standards. This requirement is almost always met by the purchase of automobile insurance.
- Requires drivers to provide proof of insurance when requested by a peace officer.
- Requires automobile insurers to provide insureds with a document verifying automobile coverage.

#### **This bill would:**

- Permit automobile insurers to provide evidence of financial responsibility in an electronic format that may be displayed on a mobile electronic device.
- Permit a motorist to provide evidence of financial responsibility in an electronic format on a mobile electronic device in response to a demand for proof of insurance from a peace officer or accident investigator.

**Discussion:** According to the author's office, this bill will bring clarity to the law by expressly permitting the use of smart phones and other mobile devices to be used by motorists to display evidence of financial responsibility. This measure would provide greater convenience to motorists by adapting the law to the increasingly common use of cell phones in business transactions and everyday life.

Idaho and Arizona have recently passed legislation to allow insurance verification via smart phones and other electronic devices. Insurance companies would send proof of insurance to a policy holder via a smart phone application instead of a paper insurance verification card. AB 1708 would clarify that insurance

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Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

**BILL ANALYSIS--(CONTINUED)****Form DF-43****AUTHOR****AMENDMENT DATE****BILL NUMBER**

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AB 1708

**COMMENTS** (continued)

companies are not required to develop this capacity, so this provides insurance companies and customers with an option.

	SO	(Fiscal Impact by Fiscal Year)					
Code/Department	LA	(Dollars in Thousands)					
Agency or Revenue	CO	PROP					Fund
Type	RV	98	FC	2012-2013 FC	2013-2014 FC	2014-2015	Code
0845/Insurance	SO	No		-----	Minor Fiscal Impact	-----	0217
<u>Fund Code</u>			<u>Title</u>				
0217			Insurance Fund				